

ECONOMIC COOPERATION

Agreement signed at Paris July 9, 1948, for the United States and the French Zone of Occupation

Entered into force July 9, 1948

*Replaced December 29, 1949, by agreement between the United States and the Federal Republic of Germany signed at Bonn December 15, 1949*¹

62 Stat. 2251; Treaties and Other
International Acts Series 1784

ECONOMIC COOPERATION AGREEMENT BETWEEN THE FRENCH ZONE OF OCCUPATION OF GERMANY AND THE GOVERNMENT OF THE UNITED STATES OF AMERICA

PREAMBLE

The Government of the United States of America and

The French Commander-in-Chief in Germany, acting on behalf of the French Zone of Occupation of Germany;

Recognizing that the restoration or maintenance in European countries of principles of individual liberty, free institutions, and genuine independence rests largely upon the establishment of sound economic conditions, stable international economic relationships and the achievement by the countries of Europe of a healthy economy independent of extraordinary outside assistance;

Recognizing that a strong and prosperous European economy is essential for the attainment of the purposes of the United Nations;

Considering that the achievement of such conditions calls for a European recovery plan of self-help and mutual cooperation, open to all nations which cooperate in such a plan, based upon a strong production effort, the expansion of foreign trade, the creation or maintenance of internal financial stability and the development of economic cooperation, including all possible steps to establish and maintain valid rates of exchange and to reduce trade barriers;

Considering that in furtherance of these principles the French Commander, on behalf of the French Zone, joined with like-minded nations in a Conven-

¹ TIAS 2024, *post*, p. 286.

tion for European Economic Cooperation signed at Paris on April 16, 1948 under which the signatories of that Convention agreed to undertake as their immediate task the elaboration and execution of a joint recovery program, and that the French Zone is a member of the Organization for European Economic Cooperation created pursuant to the provisions of that Convention;

Considering also that, in furtherance of these principles, the Government of the United States of America has enacted the Economic Cooperation Act of 1948,² providing for the furnishing of assistance by the United States of America to nations participating in a joint program for European recovery, in order to enable such nations through their own individual and concerted efforts to become independent of extraordinary outside economic assistance;

Taking note that the French Commander has already expressed his adherence to the purposes and policies of the Economic Cooperation Act of 1948;

Desiring to set forth the understandings which govern the furnishing of assistance by the Government of the United States of America under the Economic Cooperation Act of 1948, the receipt of such assistance by the French Zone and the measures which the two Parties will take individually and together in furthering the recovery of the French Zone as an integral part of the joint program for European recovery;

Have agreed as follows:

ARTICLE I

(Assistance and Cooperation)

1. The Government of the United States of America undertakes to assist the French Zone, by making available to the French Commander or to any person, agency or organization designated by the latter such assistance as may be requested by him and approved by the Government of the United States of America. The Government of the United States of America will furnish this assistance under the provisions, and subject to all of the terms, conditions and termination provisions, of the Economic Cooperation Act of 1948, Acts amendatory and supplementary thereto and appropriation Acts thereunder, and will make available to the French Commander only such commodities, services and other assistance as are authorized to be made available by such Acts.

2. The French Commander, acting directly and through the Organization for European Economic Cooperation, consistently with the Convention for European Economic Cooperation signed at Paris on April 16, 1948, will exert sustained efforts in common with other participating countries speedily to achieve through a joint recovery program economic conditions in Europe essential to lasting peace and prosperity and to enable the countries of Europe participating in such a joint recovery program to become independ-

² 62 Stat. 137.

ent of extraordinary outside economic assistance within the period of this Agreement. The French Commander reaffirms his intention to take action to carry out the provisions of the general obligations of the Convention for European Economic Cooperation, to continue to participate actively in the work of the Organization for European Economic Cooperation, and to continue to adhere to the purposes and policies of the Economic Cooperation Act of 1948.

3. All assistance furnished by the Government of the United States of America to the French Zone pursuant to this Agreement shall constitute a claim against Germany. To the extent that expenditures are made from the Special Account established under Article IV of this Agreement for the purposes set forth in paragraphs 3 and 4 of that Article and for purposes not of direct benefit to the German economy, such claim against Germany shall be reduced in an amount commensurate with such expenditures. The proceeds of exports from all future production and stocks of the French Zone will be available in the first instance for payment for assistance made available pursuant to this Agreement at the earliest practicable time consistent with the rebuilding of the German economy on healthy, non-aggressive lines.

4. With respect to assistance furnished by the Government of the United States of America to the French Zone and procured from areas outside the United States of America, its territories and possessions, the French Commander will cooperate with the Government of the United States of America in ensuring that procurement will be effected at reasonable prices and on reasonable terms and so as to arrange that the dollars thereby made available to the country from which the assistance is procured are used in a manner consistent with any arrangements made by the Government of the United States of America with such country.

ARTICLE II

(General Undertakings)

1. In order to achieve the maximum recovery through the employment of assistance received from the Government of the United States of America, the French Commander will use his best endeavors to assure:

a) The adoption or maintenance of the measures necessary to ensure efficient and practical use of all the resources available to the French Zone, including

i) Such measures as may be necessary to ensure that the commodities and services obtained with assistance furnished under this Agreement are used for purposes consistent with this Agreement and, as far as practicable, with the general purposes outlined in the schedules furnished by the French Commander in support of the requirements of assistance to be furnished by the Government of the United States of America; and

ii) The observation and review of the use of such resources through an effective follow-up system approved by the Organization for European Economic Cooperation;

b) The promotion of industrial and agricultural production on a sound economic basis along healthy non-aggressive lines; the achievement of such production targets as may be established through the Organization for European Economic Cooperation; and when desired by the Government of the United States of America, the communication to that Government of detailed proposals for specific projects contemplated by the French Commander to be undertaken in substantial part with assistance made available pursuant to this Agreement, including whenever practicable projects for increased production of coal, transportation facilities and food;

c) The stabilization of the currency, the establishment and maintenance of a valid rate of exchange, the balance of the governmental budgets as soon as practicable, the creation or maintenance of internal financial stability, and generally the restoration or maintenance of confidence in the monetary system; and

d) Cooperation with other participating countries in facilitating and stimulating an increasing interchange of goods and services among the participating countries and with other countries and in reducing public and private barriers to trade among the participating countries and with other countries.

2. Taking into account Article 8 of the Convention for European Economic Cooperation looking toward the full and effective use of manpower available in the participating countries, the French Commander will accord sympathetic consideration to proposals, including proposals made in conjunction with the International Refugee Organization, directed to the largest practicable utilization of manpower available in any of the participating countries in furtherance of the accomplishment of the purposes of this Agreement.

3. The French Commander will take the measures which he deems appropriate, and will cooperate with other participating countries, to prevent, on the part of private or public commercial enterprises, business practices or business arrangements affecting international trade which restrain competition, limit access to markets or foster monopolistic control whenever such practices or arrangements have the effect of interfering with the achievement of the joint program of European recovery.

ARTICLE III

(Guaranties)

1. During any period in which foreign private investment is permitted in the French Zone, the Government of the United States of America and the French Commander will, upon the request of either Party, consult

respecting projects in the French Zone proposed by nationals of the United States of America and with regard to which the Government of the United States of America may appropriately make guaranties of currency transfer under Section 111(b)(3) of the Economic Cooperation Act of 1948.

2. The French Commander agrees that if the Government of the United States of America makes payment in United States dollars to any person under such a guaranty, any Deutsche marks, or credits in Deutsche marks, assigned or transferred to the Government of the United States of America pursuant to that section shall be recognized as property of the Government of the United States of America.

ARTICLE IV

(Local Currency)

1. The provisions of this Article shall apply with respect to all assistance which may be furnished by the Government of the United States of America under this Agreement.

2. The French Commander will establish a special account in the Landeszentralbank of Baden at Freiburg in the name of the French Commander (hereinafter called the Special Account) and will make deposits in Deutsche marks to this account as follows:

(a) The unencumbered balances of the deposits made by the French Commander pursuant to the exchange of letters between the Government of the United States of America and the French Military Government dated June 3, 1948.³

(b) Amounts in Deutsche marks commensurate with the indicated dollar cost to the Government of the United States of America of commodities, services and technical information (including any costs of processing, storing, transporting, repairing or other services incident thereto) made available to the French Zone by any means (other than by guaranties) authorized under the Economic Cooperation Act of 1948 less, however, the amount of the deposits made pursuant to the exchange of letters referred to in subparagraph (a). The Government of the United States of America shall from time to time notify the French Commander of the indicated dollar cost of any such commodities, services and technical information, and the amounts in Deutsche marks commensurate with such indicated dollar cost shall be determined in the following manner. Pending the establishment of an official commercial rate of exchange between the dollar and the Deutsche mark, the French Commander will, upon receipt of such notification, deposit in the Special Account amounts of Deutsche marks as agreed upon between the Government of the United States of America and the French Commander. Deposits in the Special Account made after an official commercial

³ Not printed here; for text, see *Department of State Bulletin*, June 27, 1948, p. 838.

rate of exchange has been established will upon notification by the Government of the United States of America, be amounts of Deutsche marks computed at the official rate. The French Commander may at any time make advance deposits in the Special Account which shall be credited against subsequent notifications pursuant to this paragraph.

3. The Government of the United States of America will from time to time notify the French Commander of its requirements for administrative expenditures in Deutsche marks within the French Zone incident to operations under the Economic Cooperation Act of 1948, and the French Commander will thereupon make such sums available out of any balances in the Special Account in the manner requested by the Government of the United States of America in the notification.

4. Five per cent of each deposit made pursuant to this Article in respect of assistance furnished under authority of the Foreign Aid Appropriation Act, 1949,⁴ shall be allocated to the use of the Government of the United States of America for its expenditures in the French Zone, and sums made available pursuant to paragraph 3 of this Article shall first be charged to the amounts allocated under this paragraph.

5. The French Commander will further make such sums of Deutsche marks available out of any balances in the Special Account as may be required to cover costs (including port, storage, handling and similar charges) of transportation from any point of entry in the French Zone to the consignee's designated point of delivery in the French Zone of such relief supplies and packages as are referred to in Article VI.

6. The French Commander may draw upon any remaining balance in the Special Account for such purposes as may be agreed from time to time with the Government of the United States of America. In considering proposals put forward by the French Commander for drawings from the Special Account, the Government of the United States of America will take into account the need for promoting or maintaining internal monetary and financial stabilization in the French Zone and for stimulating productive activity and international trade and the exploration for and development of new sources of wealth within the French Zone, including in particular:

(a) Expenditures upon projects or programs, including those which are part of a comprehensive program for the development of the productive capacity of the French Zone and the other participating countries, and projects or programs the external costs of which are being covered by assistance rendered by the Government of the United States of America under the Economic Cooperation Act of 1948 or otherwise;

(b) Expenditures upon the exploration for and development of additional production of materials which may be required in the United States

⁴ 62 Stat. 1054.

of America because of deficiencies or potential deficiencies in the resources of the United States of America; and

(c) Effective retirement of public debt, especially debt held by banking institutions.

7. Any unencumbered balance, other than unexpended amounts allocated under paragraph 4 of this Article, remaining in the Special Account on June 30, 1952, shall be disposed of within the French Zone for such purposes as may hereafter be agreed between the Government of the United States of America and the French Commander, it being understood that the agreement of the United States of America shall be subject to approval by Act or joint resolution of the Congress of the United States of America.

ARTICLE V

(Access to Materials)

1. The French Commander will facilitate the transfer to the United States of America, for stockpiling or other purposes, of materials originating in the French Zone which are required by the United States of America as a result of deficiencies or potential deficiencies in its own resources, upon such reasonable terms of sale, exchange, barter or otherwise, and in such quantities, and for such period of time, as may be agreed to between the Government of the United States of America and the French Commander, after due regard for the reasonable requirements of the French Zone for domestic use and commercial export of such materials. The French Commander will take such specific measures as may be necessary to carry out the provisions of this paragraph, including the promotion of the increased production of such materials within the French Zone, and the removal of any hindrances to the transfer of such materials to the United States of America. The French Commander will, when so requested by the Government of the United States of America, enter into negotiations for detailed arrangements necessary to carry out the provisions of this paragraph.

2. Recognizing the principle of equity in respect to the drain upon the natural resources of the United States of America and of the participating countries, the French Commander will, when so requested by the Government of the United States of America, negotiate where applicable (a) a future schedule of minimum availabilities to the United States of America for future purchase and delivery of a fair share of materials originating in the French Zone which are required by the United States of America as a result of deficiencies or potential deficiencies in its own resources at world market prices so as to protect the access of United States industry to an equitable share of such materials either in percentages of production or in absolute quantities from the French Zone, (b) arrangements providing suitable protection for the right of access for any citizen of the United States of America or any corporation, partnership, or other association created under the laws

of the United States of America or of any state or territory thereof and substantially beneficially owned by citizens of the United States of America, in the development of such materials on terms of treatment equivalent to those afforded German citizens and corporations in the French Zone, and, (c) an agreed schedule of increased production of such materials where practicable in the French Zone and for delivery of an agreed percentage of such increased production to be transferred to the United States of America on a long-term basis in consideration of assistance furnished by the United States of America under this Agreement.

3. The French Commander, when so requested by the Government of the United States of America, will cooperate, wherever appropriate, to further the objectives of paragraphs 1 and 2 of this Article in respect of materials originating outside of the French Zone.

ARTICLE VI

(Travel Arrangements and Relief Supplies)

1. The French Commander will cooperate with the Government of the United States of America in facilitating and encouraging the promotion and development of travel by citizens of the United States of America to and within participating countries.

2. The French Commander will, when so desired by the Government of the United States of America, enter into negotiations for agreements (including the provision of duty-free treatment under appropriate safeguards) to facilitate the entry into the French Zone of supplies of relief goods donated to or purchased by United States voluntary non-profit relief agencies and of relief packages originating in the United States of America and consigned to individuals residing in the French Zone.

ARTICLE VII

(Consultation and Transmittal of Information)

1. The Parties to this Agreement will, upon the request of either of them, consult regarding any matter relating to the application of this Agreement or to operations or arrangements carried out pursuant to this Agreement.

2. The French Commander will communicate to the Government of the United States of America in a form and at intervals to be indicated by the latter after consultation with the French Commander:

(a) Detailed information of projects, programs and measures proposed or adopted by the French Commander to carry out the provisions of this Agreement and the general obligations of the Convention for European Economic Cooperation;

(b) Full statements of operations under this Agreement, including a statement of the use of funds, commodities and services received thereunder, such statements to be made in each calendar quarter;

(c) Information regarding the economy of the French Zone and any other relevant information, necessary to supplement that obtained by the Government of the United States of America from the Organization for European Economic Cooperation, which the Government of the United States of America may need to determine the nature and scope of operations under the Economic Cooperation Act of 1948, and to evaluate the effectiveness of assistance furnished or contemplated under this Agreement and generally the progress of the joint recovery program.

3. The French Commander will assist the Government of the United States of America to obtain information relating to the materials originating in the French Zone referred to in Article V which is necessary to the formulation and execution of the arrangements provided for in that Article.

ARTICLE VIII

(Publicity)

1. The Government of the United States of America and the French Commander recognize that it is in their mutual interest that full publicity be given to the objectives and progress of the joint program for European recovery and of the actions taken in furtherance of that program. It is recognized that wide dissemination of information on the progress of the program is desirable in order to develop the sense of common effort and mutual aid which are essential to the accomplishment of the objectives of the program.

2. The Government of the United States of America will encourage the dissemination of such information and will make it available to the media of public information.

3. The French Commander will encourage the dissemination of such information both directly and in cooperation with the Organization for European Economic Cooperation. He will make such information available to the media of public information and take all practicable steps to ensure that appropriate facilities are provided for such dissemination. He will further provide other participating countries and the Organization for European Economic Cooperation with full information on the progress of the program for economic recovery. The French Commander will make public in the French Zone in each calendar quarter full statements of operations under this Agreement, including information as to the use of funds, commodities and services received.

ARTICLE IX

(Missions)

1. The French Commander agrees to receive a Special Mission for Economic Cooperation which will discharge the responsibilities of the Gov-

ernment of the United States of America in the French Zone under this Agreement.

2. The French Commander, upon appropriate notification from the Government of the United States of America, will accord appropriate courtesies to the Special Mission and its personnel, the United States Special Representative in Europe and his staff, and the members and staff of the Joint Committee on Foreign Economic Cooperation of the Congress of the United States of America, and will grant them the facilities and assistance necessary to the effective performance of their responsibilities to assure the accomplishment of the purposes of this Agreement.

3. The French Commander, directly and through his representatives on the Organization for European Economic Cooperation, will extend full cooperation to the Special Mission, to the United States Special Representative in Europe and his staff, and to the members and staff of the Joint Committee. Such cooperation shall include the provision of all information and facilities necessary to the observation and review of the carrying out of this Agreement, including the use of assistance furnished under it.

ARTICLE X

(Definitions)

As used in this Agreement:

1. The "French Zone" means those areas of Germany occupied by the armed forces of the French Republic.

2. The "French Commander" shall mean the French Commander-in-Chief in Germany.

3. The term "participating country" means

(i) Any country which signed the report of the Committee of European Economic Cooperation at Paris on September 22, 1947, and territories for which it has international responsibility and to which the Economic Cooperation Agreement concluded between that country and the Government of the United States of America has been applied, and

(ii) Any other country (including any of the Zones of Occupation of Germany, and areas under international administration or control, and the Free Territory of Trieste or either of its Zones) wholly or partly in Europe, together with dependent areas under its administration;

for so long as such country is a party to the Convention for European Economic Cooperation and adheres to a joint program for European recovery designed to accomplish the purposes of this Agreement.

ARTICLE XI

(Entry Into Force, Amendment, Duration)

1. This Agreement shall become effective on this day's date. Subject to the provisions of paragraphs 2 and 3 of this Article, it shall remain in force

until June 30, 1953, and, unless at least six months before June 30, 1953, either the Government of the United States of America or the French Commander shall have given notice in writing to the other of intention to terminate the Agreement on that date, it shall remain in force thereafter until the expiration of six months from the date on which such notice shall have been given.

2. If, during the life of this Agreement, the Government of the United States of America or the French Commander should consider there has been a fundamental change in the basic assumptions underlying this Agreement, the other Contracting Party shall be so notified in writing and the Contracting Parties will thereupon consult with a view to agreeing upon the amendment, modification or termination of this Agreement. If, after three months from such notification, the Contracting Parties have not agreed upon the action to be taken in the circumstances, either Contracting Party may give notice in writing to the other of intention to terminate this Agreement. Then, subject to the provisions of paragraph 3 of this Article, this Agreement shall terminate either:

- (a) Six months after the date of such notice of intention to terminate, or
- (b) After such shorter period as may be agreed to be sufficient to ensure that the obligations of the French Commander are performed in respect of any assistance which may continue to be furnished by the Government of the United States of America after the date of such notice;

provided, however, that Article V and paragraph 3 of Article VII shall remain in effect until two years after the date of such notice of intention to terminate, but not later than June 30, 1953.

3. Subsidiary agreements and arrangements negotiated pursuant to this Agreement may remain in force beyond the date of termination of this Agreement and the period of effectiveness of such subsidiary agreements and arrangements shall be governed by their own terms. Article IV shall remain in effect until all the sums in Deutsche marks required to be deposited in accordance with its own terms have been disposed of as provided in that Article. Paragraph 2 of Article III shall remain in effect for so long as the guaranty payments referred to in that Article may be made by the Government of the United States of America.

4. This Agreement may be amended at any time by agreement between the Parties.

5. The Annex to this Agreement forms an integral part thereof.

6. This Agreement shall be registered with the Secretary-General of the United Nations.

In witness whereof the respective representatives, duly authorized for the purpose, have signed the present Agreement.

Done at Paris, in duplicate, in the English and French languages, both texts authentic, this 9th day of July, 1948.

JEFFERSON CAFFERY [SEAL]
For the
Government of the United States
of America

PAUL LEROY-BEAULIEU [SEAL]
For the
French Commander-in-Chief
in Germany.

ANNEX

(Interpretative Notes)

1. It is understood that the requirements of paragraph 1 (a) of Article II, relating to the adoption of measures for the efficient use of resources, would include, with respect to commodities furnished under the Agreement, effective measures for safeguarding such commodities and for preventing their diversion to illegal or irregular markets or channels of trade.

2. It is understood that the obligation under paragraph 1 (c) of Article II to balance the governmental budgets as soon as practicable would not preclude deficits over a short period but would mean a budgetary policy involving the balancing of the budget in the long run.

3. It is understood that the business practices and business arrangements referred to in paragraph 3 of Article II mean :

a) Fixing prices, terms or conditions to be observed in dealing with others in the purchase, sale or lease of any product;

b) Excluding enterprises from, or allocating or dividing, any territorial market or field of business activity, or allocating customers, or fixing sales quotas or purchase quotas;

c) Discriminating against particular enterprises;

d) Limiting production or fixing production quotas;

e) Preventing by agreement the development or application of technology or invention whether patented or unpatented;

f) Extending the use of rights under patents, trade marks or copyrights granted by either Party to this Agreement to matters which, according to its laws and regulations, are not within the scope of such grants, or to products or conditions of production, use or sale which are likewise not the subjects of such grants; and

g) Such other practices as the Parties to this Agreement may agree to include.

4. It is understood that the French Commander is obligated to take action in particular instances in accordance with paragraph 3 of Article II only after appropriate investigation or examination.

5. It is understood that the phrase in Article V "after due regard for the reasonable requirements of the French Zone for domestic use" would include the maintenance of reasonable stocks of the materials concerned and that the phrase "commercial export" might include barter transactions. It is also understood that arrangements negotiated under Article V might appropriately include provision for consultation, in accordance with the principles of Article 32 of the Havana Charter for an International Trade Organization,⁵ in the event that stockpiles are liquidated.

6. It is understood that the French Commander will not be requested, under paragraph 2(a) of Article VII, to furnish detailed information about minor projects or confidential commercial or technical information the disclosure of which would injure legitimate commercial interests.

7. It is understood that the relevant information required to be communicated to the Government of the United States of America under paragraph 2(c) of Article VII will include regular financial and operating statements of the Office du Commerce Extérieur and its successors.

8. It is understood that a change or prospective change in the fundamental relationship of the French Commander to the French Zone would constitute a fundamental change in the basic assumptions underlying the Agreement, referred to in paragraph 2 of Article XI.

9. It is recognized that the provisions of the Agreement take adequate account of the basic governmental position and functions of France in its capacity as an occupying power in Germany. It is understood that the Agreement would not prejudice any inter-Governmental agreement relating to Germany among the Occupying Powers.

⁵ Unperfected. Art. 32(3) of the Havana Charter reads as follows:

"Such Member shall, at the request of any Member which considers itself substantially interested, consult as to the best means of avoiding substantial injury to the economic interests of producers and consumers of the primary commodity in question. In cases where the interests of several Members might be substantially affected, the Organization may participate in the consultations, and the Member holding the stocks shall give due consideration to its recommendations."